A Synopsis

For Ph.D. Registration

On

A Study of Income, Saving and Investment Pattern of Small Investors –

A Case Study of Street Vendors of Ranchi City

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1. INTRODUCTION

Saving and investment are the two key variables which play a significant role in economic growth and expansion. Saving is as important as earning. Saving is that part of income which has not been used for expenditure. It refers to that portion of income which can be used for any future contingencies or emergency. As much money you save apart from spending, you have more opportunities for investment which will generate more future income. Money kept aside gives a type of assurance for future emergencies.

Saving means different things to different people. To some it means putting money in the bank. To others, it means buying stocks or contributing to a pension plan. But to economists, saving means only one thing—consuming less in the present in order to consume more in the future.[1]

An investment is an asset or item acquired to generate income or gain appreciation. Appreciation is the increase in the value of an asset over time. It requires the outlay of a resource today, like time, effort, and money for a greater payoff in the future, generating a profit.[2]

In general words, Investment means putting money in some areas with the hope of appreciation in that money. This appreciation maybe in terms of profit, interest or dividend.

As we know, small savings add up to big money, we must have a habit of saving some amount regularly. Even small saving at regular basis gives a huge amount in long term. Money saved today can become an extra source of tomorrow's income.

But only saving without any investment planning can't give as much return as it should give.

- **Saving vs. Investment**

Sometimes, the terms saving and investment are used interchangeably but there is difference in these two.[3]

Saving is the remaining portion of income which is left after the regular expenses or spendings. But investment is one step ahead of saving. Investment refers to the employment of that saving into one or multiple areas which can give return in future which result into another source of income. Proper investment planning is very necessary to combat inflation. Saving only means to keep extra money with us, but investment means to employ that extra money to earn return

and multiply our savings. Time value of money is kept in mind while deciding about investment portfolio. We always want at least that minimum return from our investment which can neutralize the effect of inflation.

It is obvious that savings causes investment, that means if there is no saving, there is no investment. But the effectiveness of investment policy lies in the proper planning of investment. There are various factors which affect the choice of areas of investment, like, future requirement & expectations, financial goal, financial literacy of investor, his risk bearing capacity. Mindset of investors also get influenced by the suggestions of their family, friends and relatives. Their experiences and adopted investment policy also impact the investment decision of investor. But one should always remember that every person's earning and future financial goal is different, so one should adopt any investment plan wisely.

Proper investment plan can be proved as a bridge between your current financial situation and your desired financial situation, but the condition is you must take decision wisely.

- **Small investors & investment policy**

As per *Longman Business Dictionary*, **Small investors** are the someone who invests relatively small amount of money for themselves, in addition to their usual job.[4]

Small investors are usually low-income people. For them, saving big amount at once is a very difficult task, so they save a small chunk of their income at regular basis and invest that small amount to gain a relatively bigger amount in future. They do so because they understand the importance of saving and investment. They are aware that they may need money in future for any reason, so they prepare themselves for any requirement of fund in future. They can't earn a big sum of money instantly as the need arise, so they save some amount as possible at regular basis and thus create a sense of insurance for future.

Street vendors:

As per **National association of Street Vendors**[5]**,** A street vendor is a person who offers goods or services for sale to the public without having a permanently built structure but with a temporary static structure or mobile stall (or head-load). Street vendors could be stationary and occupy space on the pavements or other public/private areas, or could be

mobile, and move from place to place carrying their wares on push carts or in cycles or baskets on their heads, or could sell their wares in moving buses.

The Government of India has used the term 'urban vendor' as inclusive of both traders and service providers, stationary as well as mobile, and incorporates all other local/region specific terms used to describe them, such as, hawker, pheriwala, rehri-patri wala, footpath dukandars, sidewalk traders, vegetable vendors and more.

According to **Centre for Public Policy Research (CPPR),** Street vendors in India, estimated at 10 million, constitute roughly 11% of the urban workers and provide both goods and services making them an inevitable part of the life of its cities. The vending economy has a turnover of around Rs 80 crore a day, and every street entrepreneur or trader supports an average of three others as employees, partners or workers.[6]

Street vendors are the very important part of our economy. They earn their livelihood by street vending and also help other people by making things easily accessible for them. Their contribution to India's GDP is also significant. So, Development of this sector contribute to the development of whole society. If their future is secured, then the society will also be stable and a flourished economy can be expected. If they spend all their income today and nothing is saved, then this can create a problematic situation. So, awareness for saving and investment must be spread out among them. They should be able to understand about future needs and choose proper saving & investment plan best suited to them.

Now, it is obvious that saving and investing is very important for the street vendors. It is also known that they save and invest as per their capability and knowledge. But the important point lies in how they plan for it. Only saving some money and keeping with them or investing in any area without proper investigation and planning will not work.

Adopting proper saving and investment policy is also very important for them. They are mostly low-income group people. So, planning for saving and investing is so essential for them so that they can face future contingencies and fulfill their future requirements. By proper saving and investing, they prepare themselves for future and make a way for some extra income.

2. Ranchi District at glance

Ranchi, capital of Jharkhand is divided into Ranchi and Bundu subdivisions and each subdivision is further divided into blocks, panchayats and villages. It consists of 18 blocks and 305 panchayats.[7]

As per **www.censusindia.co.in,**[8] Ranchi district of Jharkhand has **total population of 2,914,253** as per the census **2011.** Out of which 1,494,937 are males while 1,419,316 are females. In 2011, there were total 569,444 families residing in Ranchi district. The average sex ratio in Ranchi district is 946.

Table 1: Ranchi district as per census 2011

	Rural	Urban	Total
Total population%	56.86%	43.14%	100%
Total Population	1,656,918	1,257,335	2,914,253
Male Population	840,528	654,409	1,494,937
Female Population	816,390	602,926	1,419,316
Sex Ratio	971	921	
Average Literacy %	67.81%	86.55%	
Male Literacy%	78.63%	91.24%	
Female Literacy%	56.68%	81.47%	
Male Literates	560,352	524,892	1,085,244
Female Literates	393,120	433,069	826,189
Total Literates	953,472	957,961	1,911,433

(source: population census report, 2011)

In 2011, total 954 families lived on footpath or without any roof cover in Ranchi district of Jharkhand. Total population of all who lived without roof at the time of census 2011 numbers to 3,985. This approx. 0.13674173107139% of total population of Ranchi district.

Table 2: Working Population (Ranchi district)

In Ranchi district, out of total population, 1,142,867 were engaged in work activities. 66.2%of workers describe their work as **main work** (employment or earning more than 6 months) while 33.8% were involved in marginal **activity** (providing livelihood for less than 6 months).

	Total	**Male**	**Female**
Main Workers	**756,176**	**553,949**	**202,227**
Cultivators	208,011	135,622	72,389
Agriculture Laborer	103,770	60,822	42,948
Household Industries	23,609	16,096	7,513
Other Workers	420,786	341,409	79,377
Marginal Workers	**386,691**	**190,018**	**196,673**
Non-Working	**1,771,386**	**750,970**	**1,020,416**

(Source: Population Census, 2011)

Table 3: Caste-wise Population (Ranchi district)

	Total %	**Total No.**	**Male**	**Female**
Scheduled Caste	5.2%	152,943	78,613	74330
Scheduled Tribe	35.8%	1,042,016	520,582	521,434

(Source: Population Census, 2011)

There is no official data available regarding the population of other backward class (OBC) in Ranchi district. The Government of India has not enumerated caste wise population other than for Scheduled Castes (SCs) and Scheduled Tribes (STs) in the 2011 census.

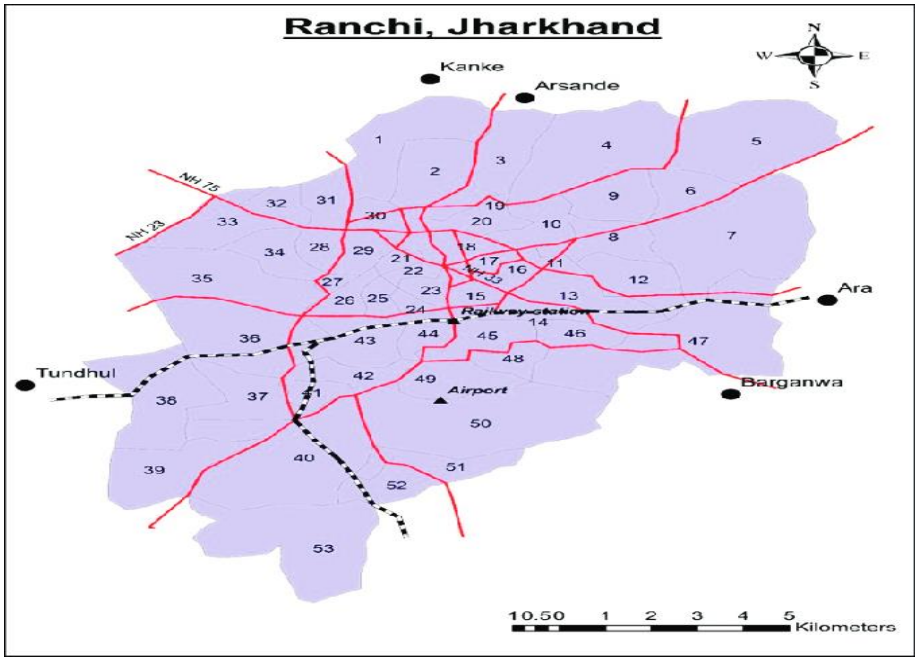
According to available estimates and census data, population of different castes in **Jharkhand** state are as follows:-

Caste group	OBC	SCs	STs	General
Population%	46%	12%	26%	16%

Ranchi city at a glance :-

Ranchi is the capital of Indian state of Jharkhand, and now it is the most populous city of the state. It lies along the **Subarnarekha River.** The city has major rail and road connections and is the center of the region's agricultural, cotton and tea trade, Silk production and the heavy machine tools are the city's major industries.[9]

Ranchi has been selected as one of the hundred cities to be developed as a smart city under PM Narendra Modi's flagship Smart Cities Mission. Ranchi city is governed by Municipal Corporation which comes under Ranchi Metropolitan Region. The last census was conducted in 2011 and the schedule census for Ranchi city in 2021 was postponed due to covid. The current estimates of Ranchi city are based on past growth rate.



(Figure: Ward Map of the Ranchi Municipal Corporation)[10]

Quick facts:

Table 4: Ranchi city (2011)

	Total	Male	Female
City Population	1,073,427	558,872	514,555
Literates	827,033	451,069	375,964
Children (0-6 yrs.)	126,863	66,793	60,070
Average Literacy	87.37%	91.67%	82.72%
Sex Ratio	921		
Child Sex Ratio	899		

(Source: Population Census 2011)

Table 5: Ranchi Metropolitan Region

	Total	Male	Female
Population	1,126,720	586,596	540,124
Literates	867,398	473,406	393,992
Children(0-6yrs.)	133,316	70,215	63,101
Average Literacy	87.32%	91.68%	82.59%
Sex Ratio	921		
Child Sex Ratio	899		

(Source: Population census 2011)

(Ranchi Metropolitan Areas include: Ara, Arsande, Bargarwa, Kanke, Ranchi, and Tundiul)

Ranchi Slum Population:

Total no. of Slums in Ranchi city is 14,426 in which population of 74,287 resides. This is around 6.92% of total population of Ranchi city.

Ranchi Religion

Hinduism is majority religion in Ranchi city with 64.31% followers. Islam is second most popular religion in city of Ranchi with approximately 16.42% following it. In Ranchi city, Christianity is followed by 8.52%, Jainism by 0.22%, Sikhism by 0.39%, and Buddhism by 0.06%. Around 9.72% stated 'Other Religion', approximately 0.35% stated 'No Particular Religion'.

Table 6: Ranchi Future Population 2021-2031 (estimated)

Year	Ranchi city	Ranchi Metropolitan
2011	1,073,427	1,126,720
2021	1,395,000	1,464,000
2022	1,436,000	1,507,000
2023	1,479,000	1,552,000
2024	1,523,000	1,598,000
2025	1,568,000	1,645,000
2026	1,615,000	1,694,000
2027	1,663,000	1,744,000
2028	1,712,000	1,796,000
2029	1,763,000	1,849,000
2030	1,815,000	1,904,000
2031	1,869,000	1,961,000

(Source: Population census 2011)

Ranchi has been emerged as a good market for the people in and around Ranchi city. Many people come here for their livelihood. They do many works like selling different things as shopkeepers, street vendors etc. or do labor jobs. Sellers also bring local things from their place to sell in cities. They form temporary structure at roadside in main roads, near schools and colleges or other busy areas. Government also allots specific places to the registered street vendors. There are many places where they can sell their things at daily or weekly basis. Government takes various measures so that these street vendors don't face difficulties and road encroachment can also be avoided.

3. REVIEW OF LITERATURE

Many research work has been done previously to explore the relationship among income, saving and investment. There are many researches which shows how the behavior of people and surroundings impact the investment decision of a person. The research work relevant to my topic is thoroughly reviewed which will guide me in my research work.

U.S. SEC (2011)[11]: The article says that while money doesn't grow on trees, it can grow when you save and invest wisely. You need to know a few basics of investment, form a plan and be ready to stick to it.

No one can guarantee that you will make money from investment you make. But if you get the facts about saving and investing and follow through with an intelligent plan, you would be able to gain financial security over the years and enjoy the benefits of managing your money.

Chaudhary A. K. (2013)[12]: This paper examined the meaning and importance of behavioral finance and its application in investment decisions. It provides explanation for why investors make irrational financial decisions. It demonstrated how emotions and cognitive errors influence investors in the decision-making process. The various causes that led to behavioral finance are anchoring, overconfidence, herd behavior, over and under reaction and loss aversions. Theory of behavioral finance deals with the idea that people do not always behave rationally. There are different psychological factors that motivate people in investment decision under uncertainty.

Sood D., & Kaur N. (2015)[13] : The objective of the study was to determine the relationship between the savings and investments pattern among the salaried class people of Chandigarh (India). The data was collected through structured questionnaire distributed to 200 peoples working in different sectors at Chandigarh. It was found from the analysis that there is relationship between Annual Savings and Age, Income, Sector wise Employment, Education of people at Chandigarh. Most of the people prefer Bank F.D and Govt. Securities as the investment option. Today there are so many special investment schemes in market which encourage people for the saving. It is evident from the study undertaken that most of the people are saving their money for children's education, marriage and to fulfill the other goals of life. There is a bright chance to increase the saving and investment habits of salaried class people at Chandigarh.

Kumari J. (2017)[14]: The objective of this study was to find out the pattern of investment (including return expectations) of retail investors based at Ranchi. This study states that a great chunk of the respondents (36%) invests about 20-30% of their income. Highest percentage of respondents prefer to park their surplus income in banks in the form of Fixed Deposits. A great percentage of respondents prefer a combination of both fixed income and variable income securities. Highest percentage of respondents gets the information on funds from friends and relatives followed by from financial advisors.

Kumar A., Thomas J., Wadhwa S., Mishra A., & Dasgupta S. (2017)[15]: This study was conducted to understand the income pattern, saving habits, ability to access to banks & other financial institutions, living conditions, and health seeking behavior. The study shows that more than fifty percent of rickshaw pullers do not save money because they don't have bank account and enough knowledge of various saving plans.

Chakraborty P., & Koley S. (2018)[16]: This study covered 64 women street vendors to illustrate the socio-economic condition of women street vendors. It concluded that the condition of women street vendors is very poor. Most of the women vendors are illiterate and the majority of the respondents belong to poor schedule tribal families.

Dhawan D., & Mehta S. K. (2019)[17]: This study was conducted to look into the investors' rationality by examining the pattern of saving and investment in the city of Jammu situated in Jammu & Kashmir, India.

It is understood through this study that to attain their goal, people should be made more financially literate so that they can match risky with non-risky assets. Financial literacy workshop and seminars can be conducted at schools and colleges to make students more financially responsible. This should help investors analyze investment avenue from each angle to justify their specific needs. Along with conservative approach, investors can try to balance it with risky asset to achieve equilibrium in the market while maintaining their nest eggs of saving.

Tejaswini H.M and Manjula H.K(2019)[18] : This paper concluded that unorganised street vendors are essential part of informal economy. They act as an important chain between suppliers of various daily use consumables and end users in local markets or door to door at the convenience for number of poor people, or other sections of the population. Subsequently they are not protected by any legal regulations, but are subjected to various risks and threats from the local authorities in their day-to-day business activities. It was observed that the most

important need for them was giving protection from the local authorities and providing them with formal credit facility to buy basic stock for their business and also other requirements.

Tigari H., & Anushree G. M. (2020)[19]: This study included 30 respondents of Davanagere city to analyze the street vegetable vendors' income & expenditure pattern and their socio-economic condition. The study finds that most of the respondents are male. 90% of the total respondents accepted the seasonal imbalance in their sales. 56.67% of the respondents do not have any other occupation. Almost 36.67% of the respondents are illiterate. Most of the street vegetable vendors are poor, uneducated and untrained in the street vegetable vending.

Sadavarte B. L., & Arora C. A. (2021)[20] : This paper examined the savings and investment pattern of Indian Households through a survey of 80 respondents. It also examined their savings to earnings ratio, their source of information for investment, their objectives while investing, their preferred investment areas and the relation between the marital status & the amount of savings done by the individual. The paper concluded that the type of investment preferred by male and female do not differ in respect to their term of investment. It was also found that single people tended to save more than married. Long term investment tended to give better return as compared to short term and mid-term investment.

MP Ghosh, S Ganguly, M Mahavidyalaya(2023)[21]: The study has been done to find the nature of investment avenues, their purpose of investment and effects of various factors on them. It was found that most of the respondents have moderate risk-taking capacity. Their top priority is the safety of principal amount. They are mostly interested in banks and public sector areas with their traditional way of investment.

4. Research Gap

From the review of literature, we can say that there are various research work and articles available regarding income and socio- economic conditions of various type of people like hawkers, street vendors, rickshaw pullers etc. But there is not much research in the area regarding saving and investment behaviors of these small investors. Most studies regarding investment focus on large scale investments like stock market, mutual fund, real estate, bonds etc. one can find various articles and study paper regarding stocks, bond or real estates. But very few studies have been conducted at the small investors, their investment policy, future

financial goals, financial literacy and about the influence of different factors on their investment choices.

There is a research gap to identify the income, saving and investment behaviour of small investors. Here, my research work will be focused on identifying the income, saving and investment behaviour of street vendors of Ranchi city, which will include all the hawkers, vegetable sellers, garment sellers, and other sellers of street side or of any local market. For this, the study at different local markets and street side markets will be explored. As these local markets have emerged as the main market where the sellers are local as well as from distant rural areas, this area can provide a better picture of the all street vendors of Ranchi city. Thus, by analyzing those sellers will provide us a greater outlook of these investors.

It is very important to know about these small investors and for this, proper representation of this population in sample is very important. So, proper care will be taken in sampling as well as research process.

5. Importance of study

These street vendors contribute towards a great portion of the economy of Ranchi and the whole country. Their importance in our day-to-day life can't be ignored. So, research of this segment and about their income, saving & investment is of great importance.

Some of the importance are listed below:

- This study will help us to know about this segment in detail.
- It will let us know about the impact of them on our economy and us.
- It will find out the income range of different categories of street vendors, thus, we can know whether they earn sufficient or not.
- This study will try to fill the research gap in this area.
- Saving habits among them can be found out. If there is a lack of saving habit, then a proper awareness program can be held out to make them aware about importance of regular saving.
- We can find out the sectors where they invest.

- We can find out whether they primarily opt a policy which is safer, or, go for higher return even with some risk.
- We can know about their expectations from investment, thus can help them to choose proper investment program.
- This study will tell about their interested areas of investment.
- We can know whether they understand their future financial goal and take decision accordingly, or, they blindly follow other people, relatives or friends.
- If a particular caste lags behind in investment activity, then a proper dedicated program can be launched.
- The findings of this study will help government to formulate various policy for them accordingly, and to improve their living.

6. Objectives of Research study

- To know about the different categories of street vendors.
- To find out the income range of them.
- To find out the tendency and amount of saving.
- To find out the pattern of income, saving and investment of them.
- To understand the mentality of investors while investing.
- To find out their priority sector of investment.
- To find out whether there is a demand for safe investment area where at least principal amount is fully secured, or there is demand for investment with higher return and risk factor.
- To find out the level financial literacy among them.
- To find out if there is any relation among different castes and their saving & investment pattern.
- To find out if there is any caste which is backward in relation to saving & investment.
- To find out the factors which influence the investment behavior of them.
- To find out awareness level related to future fund requirement, inflation and different contingencies among them.
- To help government to launch any educational and awareness campaign to educate these people regarding savings & investment choices.

7. Research Hypothesis

Various null and alternative hypothesis will be created and will be checked whether to accept null hypothesis or alternative hypothesis.

$H0_1$: Street vendors do not save at regular basis.

$H1_1$: Street vendors save at regular basis.

$H0_2$: They do not have knowledge of investment areas to decide where to invest.

$H1_2$: They have enough knowledge of investment options.

$H0_3$: They do not get influenced by their relatives or other person in taking investment decision.

$H1_3$: They get influenced by their relatives or other person in taking investment decision.

$H0_4$: There is no connection between the caste of the seller and saving & investment pattern.

$H1_4$: There is a connection between the caste of the seller and saving & investment pattern.

8. Research Methodology

This study will be based on mainly quantitative methods of research but some extent of qualitative method will also be used for better understanding of human aspect. Quantitative method will analyze the figures and number to give appropriate information, while qualitative method will be used to understand the meaning of the expressions and body language of respondents. Thus, a mixed approach will give better result.

Data collection:

Data will be collected in both the ways-

- Primary
- Secondary

For primary data, the researcher will go to the marketplace and collect all the relevant data by talking to the street vendors. For it, he/she will use questionnaire and interview method.

For secondary data, he/she will go through various government official sites, articles & newspapers, and previously done research works.

Sampling decision:

Sample will be collected on the basis of *probability sampling/ random sampling.* There will be no biasness in sample selection. I will go to the marketplace and select the people randomly and collect data from them using different data collection method as per the situation. The size of sample will be approximately 300 or above. The sample size can be altered as per the availability of respondents.

Data analysis & interpretation:

Data will be analyzed by making tables and charts. Graphical representation of data by using bar graph, histogram etc. will also be done for better understanding of data.

Descriptive statistical tools like mean, mode, percentage etc. will be used to find patterns and summarize the obtained data.

Correlation and regression technique will be used to find the relation among income, saving and investment.

9. Limitations of the study

There may be some obstacles which can influence the impact of the study:

- It is limited to the Ranchi city.
- It is difficult to explore the whole city.
- Main focus will be given to the street vendors selling at Morabadi ground, Chiraundi market, Sarjana chowk and nearby market.

- Sellers can hesitate to talk.
- Many sellers may not be interested in sharing their personal information.
- It is possible that some sellers won't tell the reality.
- There may be occurrence of linguistic or other barriers with some person.

10. Tentative Chapterisation

1. Introduction & Review of literature
2. Income, saving and investment decision of small investors
3. Overview of Ranchi city – vis-à-vis- Investment pattern of street vendors of Ranchi city
4. Data analysis & interpretation
5. Summary, conclusion & suggestions

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